

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 11-198—HB 6263

Environment Committee

Planning and Development Committee

Finance, Revenue and Bonding Committee

AN ACT CONCERNING THE TRANSITION FROM THE TEN MILL PROGRAM

SUMMARY: This act allows an owner of forest land enrolled in the state’s “10 mill program” to convert to the state’s forest preservation program (“490 program”) without penalty, including penalties for the value of standing timber, if a sale or donation of the land to a nonprofit land preservation organization or a permanent conservation easement on the land occurs before the conversion.

Alternatively, the act specifies that woodlands retaining a 10 mill classification on their 50th-year revaluation will be assessed at a tax rate not to exceed the similar properties classified as “forestland” under the 490 program. Any landowner who elects to discontinue participation in the 10 mill program will be subject to applicable penalties.

EFFECTIVE DATE: Upon passage

BACKGROUND

Ten Mill Program

By law, a property owner may enroll in the “10 mill program” (1) property with a minimum of 25 acres that, excluding timber, has a value of up to \$100 per acre; (2) timber land of more than 10 years’ growth; and (3) land stocked with trees up to 10 years old. Land classified under this law is taxed based on 100% of the true valuation established by the assessors at the time of classification. The valuation is frozen for a 50-year period, provided the land use does not change. The law establishes the tax rate for such land at up to 10 mills. At the end of the 50-year period, the land is revalued and is again taxed at a rate up to 10 mills for another 50 years. The 10-mill classification does not terminate upon sale or transfer of the land and is tied to the land, not the owner.

If the 10-mill classification is cancelled before the end of the 50-year period, the land will be taxed as other land and a penalty assessed. The penalty is equal to five mills per year on the difference between the land and timber’s valuation at the time of classification and the current valuation (CGS § 12-99).

490 Program

If approved by a municipality’s legislative body, the owners of designated forest land can have the property assessed as open space under the state’s “490 program” (CGS §§ 12-107d and 107e).

By law, farm, open space, and forest land is assessed at its current use value

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for property tax purposes. The classification terminates when (1) the land's use is changed to something other than was described in the owner's application or (2) the land is sold or transferred. Under the 490 program, property is subject to a conveyance tax on its fair market value if it is sold or its use is changed within 10 years of the classification. The tax rate starts at 10% of the total sales price if it is sold within one year of classification and declines by 1% annually if it sold within 10 years (CGS §§ 12-107a, 12-504a, and 12-504e).

OLR Tracking: JLK:JO:PF:ts